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This Week in Canadian Agriculture, Issue 30 2006

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Report Highlights:

Canada Lifts Import Restrictions on U.S. Fresh Spinach Except from Two California Counties *
Federally Appointed Taskforce on Marketing Choice Releases Findings * Plebiscite on Barley
Monopoly To Be Held Within a Year * Quebec Producers Affected by Golden Nematode Seek
Financial Assistance * Number of Organic Farms Declined in 2005

Includes PSD Changes: No
Includes Trade Matrix: No
Unscheduled Report
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This Week in Canadian Agriculture is a weekly review of Canadian agricultural industry developments of interest to the U.S. agricultural community. The issues summarized in this report cover a wide range of subject matter obtained from Canadian press reports, government press releases, and host country agricultural officials and representatives.

Disclaimer: Any press report summaries in this report are included to bring U.S. readership closer to the pulse of Canadian developments in agriculture. In no way do the views and opinions of these sources reflect USDA's, the U.S. Embassy's, or any other U.S. Government agency's point of view or official policy.

CANADA LIFTS IMPORT RESTRICTIONS ON U.S. FRESH SPINACH EXCEPT FROM TWO

CALIFORNIA COUNTIES: The Canadian Food Inspection Agency (CFIA) has eased the import restrictions put in place in September as a result of the outbreak of E. coli O157:H7 associated with fresh spinach (See CA6046). Imports of U.S. fresh spinach (including salad mixtures containing spinach) will be allowed entry, with the exception of product grown in the San Benito and Monterey counties in California. After the original detection of the outbreak, the CFIA issued a public warning, a recall, and a border alert to stop all imports of U.S. fresh spinach. During the investigative period into the source of the outbreak, USDA worked closely with State Departments of Agriculture and U.S. industry to develop a new origin identification program to verify that product has not originated in the San Benito and Monterey counties. U.S. exporters can only ship product to Canada if they declare that it was not grown in either of these Californian counties. A false declaration is punishable under the U.S. Perishable Agriculture Commodities Act. This origin verification program will remain in place until the end of the shipping season in these counties, toward the end of November 2006. Afterwards, U.S. spinach will be allowed entry into Canada without origin declarations. The CFIA will continue to work with the FDA to review actions taken by industry to implement strong food safety measures, before it will consider imports from these areas when they resume production in 2007.

FEDERALLY APPOINTED TASKFORCE ON MARKETING CHOICE RELEASES FINDINGS:

On October 30th, the eagerly anticipated task force recommendations on how to move the Canadian Wheat Board (CWB) from single desk to a successful competitor in the open market were released. The task force recommends a two-year, four-stage transition to transform the current CWB to a new, entirely producer owned, and voluntary CWB. The first stage is a preparation phase that involves putting a Bill before Parliament to repeal the Canadian Wheat Board Act and create a new Act providing authority for the creation of a new commercial entity (CWB II) with specific transition measures attached. The second stage is the formation of the new entity, the selling of shares in the CWB II, and the removal of the monopoly on barley. The third stage is marked by the removal of the wheat monopoly. In this third phase, the CWB II would operate with transition measures such as the continuance of limited government financial guarantees on borrowing, and the Agri-Food Credit Facility, a special credit program for non-sovereign credit that is currently available to the CWB. The final phase involves the CWB II operating without government financial support or regulatory powers. The task force report states from the outset that a marketing approach such as the one CWB uses now could not co-exist with an open market approach. The task force makes clear that marketing choice means that wheat and barley farmers will be able to sell wheat and barley to any domestic or foreign buyer, and that choice would include a transformed Canadian Wheat Board. The Honorable Chuck Strahl, Minister of Agriculture and Agri-food is pleased with the work completed by the task force but said that while the report recommends legislation as the first step, he will begin with consultation. The likelihood of successfully passing legislation, through the current minority Parliament that would result in the removal of the CWB monopoly powers is doubtful. Bill C-300, a bill that would have allowed wheat and barley producers to bypass the CWB buy-back program if selling to farmer-owned, value adding processing plants, was defeated 149-111 by a united opposition. The entire taskforce report can be found at: www.agr.gc.ca/cb/ip/pdf/final_251006_e.pdf

PLEBISCITE ON BARLEY MONOPOLY TO BE HELD WITHIN A YEAR: The Minister of Agriculture and Agri-Food and Minister for the Canadian Wheat Board, issued a press release officially announcing the Federal government's intent to hold a plebiscite on the marketing of barley. The removal of the monopoly on barley is slated for six months into phase two of the CWB transformation, with the removal of the wheat to follow 6 months later. The removal of the barley monopoly is much less contentious with the outcome of the vote uncertain since western producers seem evenly split on the issue. The federal government sent out the call for proposals from companies who wish to hold/run the plebiscite for western producers. The winning company will be charged with compiling a voters list,

creating a public information website, and wording the question – in consultation with government. Minister Strahl has been heavily criticized in recent weeks for changes made to eligibility requirements to vote in the Canadian Wheat Board Director elections. Critics of the government's plans for a transformed CWB, including Saskatchewan agricultural minister Mark Wartman and Manitoba agriculture minister Rosann Wowchuk, questioned Strahl's decision to reform the voter's list, accusing the Minister of simply wanting to undermine the board. Stahl defended his actions by stating that the list needed to be updated to provide a more equitable election process and reflect an eligible voting body that had sold and delivered grain in the 05/06 and 06/07 crop years.

QUEBEC PRODUCERS AFFECTED BY GOLDEN NEMATODE SEEK FINANCIAL ASSISTANCE: While agricultural trade has normalized after the August 16th discovery of golden nematode in a Quebec potato producer's fields, producers in the affected area say they are not getting the help they need. Affected producers are demanding swift action from Federal Agricultural minister, Chuck Strahl. Producers are seeking emergency assistance valued at \$50,000 for small farms, and \$75,000 for locations exceeding 60 acres, followed by payments of \$4,000 per hectare. Jacques Gourde, Parliamentary Secretary to the Minister and Agri-Food and Minister for the Canadian Wheat Board issued a statement that the government has taken actions to respond to the crisis which has resulted in a trade restrictions of produce from that region and will continue to work with the provincial government and industry to develop a long term strategy. Mr. Gourde stated that through the Canadian Agricultural Income Stabilization Program, potato producer in the affected region will receive over \$3 million in financial assistance.

NUMBER OF ORGANIC FARMS DECLINED IN 2005: A report commissioned by the Canadian Organic Growers shows that in 2005, the number of organic farms declined by 1.4% from 2004 numbers. At the same time, the land under organic production has increased by 5%, and, overall, production rose. The report highlights two leading causes of the decline in the number of organic farms. The first is due to new regulation in mandated certification in the maple syrup industry in Quebec. This negatively affected Quebec maple syrup producers and resulted in the closure of many certified organic maple syrup operations. The second is low commodity prices and periods of drought in Saskatchewan, the province with the highest numbers of organic producers. The report reveals that British Columbia shows the highest organic production growth rate and the largest number of farms converting to organic productions. The more information can be found at: www.cog.ca

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CA6052	This Week in Canadian Agriculture, Issue 28	10/20/06
CA6051	Frozen Potato Products Annual	10/20/06
CA6050	This Week in Canadian Agriculture, Issue 27	10/13/06

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